

Message Text

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ACTION EA-09

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-02 INR-07 L-03

NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06 SAM-01

COME-00 EB-07 LAB-04 SIL-01 /069 W

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R 110425Z MAY 76

FM AMCONSUL SYDNEY

TO SECSTATE WASHDC 6940

INFO AMEMBASSY CANBERRA

AMCONSUL MELBOURNE

C O N F I D E N T I A L SYDNEY 1126

E.O. 11652: GDS

TAGS: PGOV, PINT, AS

SUBJECT: NEW SOUTH WALES GENERAL ELECTION ON MAY 1

REF: SYDNEY 1057

1. NEW SOUTH WALES PREMIER SIR ERIC WILLIS LAST NIGHT PUBLICLY CONCEDED THAT THE LIBERAL/COUNTRY PARTY COALITION HAD LOST THE ELECTION. AT ISRAELI INDEPENDENCE DAY RECEPTION LAST NIGHT WILLIS WAS PUBLICLY PHOTOGRAPHED CONGRATULATING LABOR PARTY LEADER NEVILLE WRAN. WILLIS HAS MADE NO EXCUSES FOR THE LOSS AND INDEED POINTED OUT THAT THE TREND AGAINST THE LIBERALS THIS TIME MERELY CONFIRMS A PROGRESSIVE TREND WHICH OVER THE YEARS HAS SLOWLY REDUCED THE COALITION'S MAJORITIES IN EACH STATE ELECTION. IN CONFIRMATION OF THIS JUDGMENT THE GENERAL SECRETARY OF THE LIBERAL PARTY OF NEW SOUTH WALES, JAMES CARLTON, PRIVATELY ATTRIBUTED THE NARROW DEFEAT TO THE "CUMULATIVE SHORTFALL OF THE ASKIN/LEWIS GOVERNMENTS" WHICH WILLIS HAD BEEN UNABLE TO REVERSE DURING HIS 3 MONTHS AS PREMIER. CARLTON GAVE WRAN GREAT CREDIT FOR HIS ABILITY TO EXPLOIT THE GOVERNMENT'S WEAKNESSES. NEITHER CARLTON NOR WILLIS SHOW ANY
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TENDENCY TO ENGAGE IN RETROSPECTIVE ARGUMENT AGAINST

THE TIMING OF THE ELECTION WHICH COULD HAVE BEEN POSTPONED UNTIL DECEMBER. THE TIMING WAS DICTATED BY THE EXPECTED INEVITABLE LOSS OF THE BY-ELECTION IN MONARO AND BY THE NEED TO HOLD AN ELECTION BEFORE THE FEDERAL BUDGET IS BROUGHT DOWN IN AUGUST. CARLTON AGREED THAT THE DOUBLE TAXATION FEAR MAY HAVE PLAYED SOME PART IN THE RESULT, BUT HE DID NOT REGARD IT AS THE DECISIVE POINT.

2. IT IS EXPECTED THAT WILLIS WILL RESIGN ON WEDNESDAY AND GOVERNOR CUTLER WILL ASK WRAN TO FORM A GOVERNMENT ON THURSDAY. WRAN, TO HIS CREDIT, HAS SUCCESSFULLY DISASSOCIATED THE STATE LABOR PARTY FROM THE FEDERAL LABOR ALBATROSS. HE HAS MADE IT CLEAR THAT HIS GOVERNMENT WILL BE DEVOTED AT LEAST INITIALLY TO IMPROVED, MORE EFFECTIVE MANAGEMENT RATHER THAN TO REVOLUTIONARY REFORM. IN PRIVATE, THE SECRETARY OF THE NEW SOUTH WALES LABOR PARTY, GEOFF CAHILL, EMPHASIZED THE THE NEW LABOR GOVERNMENT UNDER WRAN WILL "NOT FALL INTO THE SAME TRAP AS THE FEDERAL LABOR PARTY AND WILL NOT TRY TO DO EVERYTHING RIGHT AWAY." THE PRINCIPAL REFORM WHICH THE NEW LABOR REGIME MAY ATTEMPT WILL BE A CHANGE IN THE ELECTION OF THE LEGISLATIVE COUNCIL OR UPPER HOUSE. THE UPPER HOUSE IS COMPOSED OF MEMBERS ELECTED WITHIN THE PARLIAMENT FOR 12-YEAR TERMS STAGGERED AT 3-YEAR INTERVALS AND IS, THEREFORE, A MAJOR RESTRAINT ON THE LOWER HOUSE. THE UPPER HOUSE IS SO HEAVILY COMINATED BY THE LIBERAL/COUNTRY PARTY COALITION THAT IT WOULD TAKE A LABOR GOVERNMENT PROBABLY 8 OR 9 YEARS TO GAIN CONTROL OF IT GRADUALLY. CAHILL FORECASTS THE POSSIBILITY OF A STATE REFERENDUM IN PERHAPS A YEAR DESIGNED TO MAKE THE UPPER HOUSE ELECTIVE ALONG THE LINES OF THE FEDERAL SENATE. MEANWHILE, THE LABOR GOVERNMENT WILL HAVE TO CUT ITS CLOTH TO FIT THE PATTERN ALLOWED BY THE OPPOSITION-CONTROLLED COUNCIL. THE LABOR GOVERNMENT WILL BE FURTHER LIMITED BY THE NARROWNESS OF ITS OWN MAJORITY OF 50 LABOR SEATS AGAINST 48 OPPOSITION SEATS AND ONE INDEPENDENT WHO LEANS TO THE LABOR SIDE.

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3. THE CHANGE OF GOVERNMENT IN NEW SOUTH WALES APPEARS TO HAVE NO GREAT SIGNIFICANCE FOR THE UNITED STATES. THE LEADERSHIP OF THE LABOR PARTY IN NEW SOUTH WALES IS IN THE HANDS OF THE LABOR PARTY'S OWN RIGHT-WING WHICH IS BOTH ANTI-COMMUNIST AND PRO-AMERICAN.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ELECTIONS, FORM OF GOVERNMENT
Control Number: n/a
Copy: SINGLE
Draft Date: 11 MAY 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: SmithRJ
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976SYDNEY01126
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D760181-1060
From: SYDNEY
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760566/aaaacejm.tel
Line Count: 113
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 76 SYDNEY 1057
Review Action: RELEASED, APPROVED
Review Authority: SmithRJ
Review Comment: n/a
Review Content Flags:
Review Date: 20 MAY 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <20 MAY 2004 by ellisoob>; APPROVED <20 SEP 2004 by SmithRJ>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: NEW SOUTH WALES GENERAL ELECTION ON MAY 1
TAGS: PGOV, PINT, AS, (WILLIS, ERIC), (WRAN, NEVILLE)
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006